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SUBJECT: MOD READOUT ON BARAK'S MEETINGS IN CAIRO

Classified By: DCM Luis G. Moreno, Reason 1.4 (b) (d)

11. (S) Summary. Defense Minister Ehud Barak visited Cairo June 21 and met one on one with President Mubarak, Intelligence Minister Soliman, and Defense Minister Tantawi. MOD Arab Affairs Adviser David Hacham, who was part of Barak's delegation, provided PolCouns with a readout June 23 based on Barak's briefing to his staff. Hacham said the Egyptians were focused on their efforts to promote Palestinian factional reconciliation, about which Barak expressed considerable skepticism. On Shalit, Soliman made clear Egyptian readiness to resume mediation with Hamas, based on the point at which talks broke down in the Olmert government. Hacham said the new Israeli mediator was due to make his first visit to Cairo, but Hacham thought the Netanyahu government would not agree to release the 325 prisoners that Olmert had agreed to, much less the full 450 demanded by Hamas. Barak was also not in a position to respond to the Egyptians' request to agree to a new ceasefire in Gaza, to be followed by the reopening of the crossings under PA control. Hacham noted that this would have to be part of a package with Palestinian reconciliation. On smuggling, Hacham commented that Egypt's performance has improved significantly, but the Israelis believe that weapons and explosives are still getting into Gaza. Barak reportedly also discussed Iran and means of restarting Israeli-Palestinian negotiations, but Hacham did not offer any details. MOD Pol-Mil Director Gilad subsequently told the Ambassador that Barak pressed Tantawi to revive the mil-to-mil channel with Israel. Tantawi reportedly asked Barak to send Gilad and IDF J-5 MG Amir Eshel to Cairo to discuss counter-smuggling cooperation. Meanwhile, Israeli and Arab media this week have been full of inaccurate reports that a deal on Shalit's release is imminent. End Summary.

Barak in Cairo

12. (S) According to Hacham's account, Barak's found the Egyptians very intently focused on their efforts to achieve Palestinian political reconciliation. Soliman reportedly told Barak that the Egyptians will plan to wrap up the process by July 7 and if Hamas rejects it "they can go to Hell." At another point, however, Soliman said Egypt will remain engaged in this process no matter what happens on July 7. Hacham said the Israelis are very skeptical that Hamas will accept the Egyptian proposal, since the Egyptian focus is on restoring a major role for the PA in Gaza and it was hard to see why Hamas would agree. Amos Gilad separately told the Ambassador that he was worried that Egypt might pressure Abu Mazen.

13. (S) On Shalit, Soliman reportedly offered to resume Egyptian mediation with Hamas on a prisoner exchange. Hacham said that Soliman wanted Barak to agree to proceed on the basis of the Olmert government's agreement to release 325 of the 450 prisoners demanded by Hamas, but Hacham commented that he sensed a toughening in the GOI position and doubted that Netanyahu would agree to the

release of 325, much less the additional 125 who were rejected by Olmert. Hacham confirmed that the new Israeli negotiator, retired Mossad deputy director Hagai Hadas, would go to Cairo within a few days to restart the discussions. Hacham denied media reports that Soliman's deputy, General Mohammed Ibrahim, had visited Israel this week to wrap up a deal for Shalit's release.

14. (S) Hacham said the Egyptians also pressed Barak to resume the Tahdiya (calming) agreement negotiated by Gilad last year, which entailed both a long-term ceasefire and the gradual reopening of the border crossings, including a role for the PA security forces and an EU monitoring team at Rafah. Barak noted that the GOI will first want to see what can be done about Shalit, and indicated that the Netanyahu government is still reviewing its overall Gaza policy. Barak reportedly also discussed developments in Iran and ways of restarting Israeli-Palestinian negotiations with Mubarak, but Hacham did not offer any specifics.

Israelis See Improved Egyptian Counter-Smuggling

15. (S) Hacham said the MOD sees a marked improvement in Egyptian counter-smuggling efforts, and noted that Barak had told the Egyptians as much, while still noting that more needs to be done. Hacham said Israeli intelligence has been able to quantify a drop in the amounts of weapons and explosives entering Gaza, but he reiterated that the smuggling continues. MOD Pol-Mil Director Gilad told the Ambassador that Barak made this point to Field Marshal

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Tantawi, and urged Tantawi to resume discussion of the smuggling issue in mil-to-mil channels. Tantawi reportedly asked Barak to send Gilad back to Cairo to see him. Gilad plans to bring IDF J-5 MG Amir Eshel with him for these discussions.

Media Circus

16. (C) Both the Israeli and Arab media were full of inaccurate reports this week, reporting progress toward Shalit's release and a prisoner exchange. Israelis marked the third anniversary of Shalit's captivity with protest demonstrations and a media campaign sponsored by Shalit's parents. The liberal Israeli daily Ha'aretz reported on its front page June 26 that European and Palestinian sources had confirmed a new U.S. initiative to promote Shalit's release to Egyptian custody pending a finalization of the release of Palestinian prisoners by Israel. Despite these reports, Egypt and Israel are still struggling to come up with a formula for Gaza that involves a ceasefire, opening of crossings, and a prisoner exchange.

CUNNINGHAM